

Assembly Committee on Ways and Means

DATE _____

Moved by Zieg Seconded by Lasee

AB 42 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____

A _____ SR _____ Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- ☒ Passage
- ☐ Introduction
- ☐ Adoption
- ☐ Rejection

- ☐ Indefinite Postponement
- ☐ Tabling
- ☐ Concurrence
- ☐ Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair	1			
2.	Rep. Tom Sykora, vice-chair	2			
3.	Rep. Bob Goetsch	3			
4.	Rep. Mike Huebsch	14			
5.	Rep. Frank Lasee	4			
6.	Rep. John Ainsworth	5			
7.	Rep. Suzanne Jeskewitz	6			
8.	Rep. Carol Owens				
9.	Rep. Joan Spillner	7			
10.	Rep. Wayne Wood	8			
11.	Rep. John La Fave	9			
12.	Rep. Lee Meyerhofer	10			
13.	Rep. Johnie Morris-Tatum	11			
14.	Rep. Jeffrey Plale	15			
15.	Rep. Bob Turner	12			
16.	Rep. Bob Ziegelbauer	13			
	Totals				

MOTION CARRIED ☒

MOTION FAILED ☐

s:\comclerk\rollcall.1

Ways & Means Committee
Preliminary Report on Referred Legislation
February 24, 1999

Bill: AB42
Author: Ziegelbauer
Date Referred: 1-19-1999

Relating Clause: *authorizing claims under the school property tax rent credit for property taxes paid in the year before the year in which they are due.*

Comments from Department of Revenue-

Seen this proposal before and they still hate it. Basically, it is distorted behavior! In other words, it distorts tax data. In addition, would be difficult to implement. Don't know how it could be accomplished. Currently, it is the tax payers choice to utilize the option in one's federal income tax return that allows for "doubling up" one's deduction for property tax payments. Just because taxpayers can do this in the fed code, does not mean they should be able to do this with the WI code. Would cost DOR ~\$2.5 million.

Comments from the Author-

Author's reasoning for introducing legislation:

Author's intent:

I'm not really sure what his intent is. Very confusing when I talked with him. He really seems to just simply not like the current situation. This version allows municipalities to change the date on their own.

Does the Author want the legislation moved forward?

☒ Yes ☐ No (Luanne seems to think more work needs to be done yet--Jan. 28)

If no, do we have this in writing?

☐ Yes ☐ No

Is the legislation in its final form?

☐ Yes ☒ No (the assessors have real problems)

If major changes are required, the author shall prepare and introduce the necessary amendments.

Comments from potentially affected parties-



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • <http://www.dor.state.wi.us>

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

Thank you, Mr. Chairman and members of the Assembly Ways and Means Committee for the chance to testify on Assembly Bill 42.

The school property tax/rent credit is a nonrefundable tax credit equal to 10% of property taxes or rent constituting property taxes paid on a person's primary residence and contiguous land. The maximum credit amount that may be claimed is 10% of the first \$2000 of property taxes paid or rent constituting property taxes paid. On a one time basis, for tax year 1998, the maximum credit that may be claimed has been increased to 14% of the first \$2500 of property taxes paid. Current law states the credit may only be claimed for payments made during the year for which the credit is claimed.

Assembly Bill 42 would allow tax filers to claim the school property tax credit for property taxes paid in a previous year if they had not previously claimed the tax credit.

Taxpayers affected would be those who try to maximize their federal itemized deductions by paying two years of property taxes in a year in which they itemize, then taking the standard deduction in the other year. Taxpayers who do this typically pay higher Wisconsin taxes over the two-year period, because they are able to claim the school property tax credit in one year only and because that credit is limited to the first \$2,000 of property taxes (ignoring 1998, when the maximum is \$2,500). For example, a taxpayer, who has property taxes of \$2,200 in two consecutive years and pays them in a single year, would receive a \$200 credit for the year in which the taxes were paid. If the taxpayer had paid the taxes in separate years, he or she would have received a \$200 credit each year.

Generally, the Department believes tax laws should try to avoid distorting economic behavior, and the Department would like the committee to be aware that this proposal could act as an incentive to reward some taxpayers who choose to pay two years of taxes in one year in order to maximize the benefit in that year.

In addition, we would like to remind the committee that the Governor's budget (Assembly Bill 133/Senate Bill 45) would repeal this credit and replace it with a significantly higher standard deduction and a new personal exemption. The Department would again offer to work with the committee to make comprehensive income tax reduction and reforms in this legislative session.

AB 42
1998

1 Wisconsin income tax

Form For the year Jan. 1 - Dec. 31, 1998, or other tax year beginning _____, 1998 ending _____, 19 _____

Use label or print	Your last name	First name and middle initial	Your social security number	QUICK REFUND Do you qualify (see page 5)? <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
	If a joint return, spouse's last name	First name and middle initial	Spouse's social security number											
	Home address (number and street)		▲ IMPORTANT ▲ You must enter your social security number(s)											
City or post office, state, zip code														

Filing status

Check only **one** box

- ☐ Single
- ☐ Married filing joint return
- ☐ Married filing separate return. Fill in spouse's full name and social security number ▼
- ☐ Head of household (with qualifying person)
Fill in qualifying person's name ▼



If you want \$1 to go to the **State Election Campaign Fund**, check box(es). ☐ You ☐ Your spouse

Checking the box(es) will not change your tax or refund.

Illinois wages

Were any of your wages earned in Illinois? (See page 5) ☐ Yes ☐ No

If yes, fill in amount of Illinois wages

You \$ _____

Spouse \$ _____

Income

- | | | | |
|----|--|-----|-------|
| 1 | Federal adjusted gross income (see page 6) | 1 | _____ |
| 2 | State and municipal interest (see page 6) | 2 | _____ |
| 3 | Capital gain/loss adjustment (see page 7) | 3 | _____ |
| 4 | Other additions (list) | 4 | _____ |
| 5 | Add lines 1 through 4 | 5 | _____ |
| 6 | State income tax refund (Form 1040, line 10) | 6 | _____ |
| 7 | United States government interest | 7 | _____ |
| 8 | Unemployment compensation (see page 8) | 8 | _____ |
| 9 | Social security (see page 8) | 9 | _____ |
| 10 | Capital gain/loss adjustment (see page 9) | 10 | _____ |
| 11 | Other subtractions (list) | 11 | _____ |
| 12 | Add lines 6 through 11 | 12 | _____ |
| 13 | Subtract line 12 from line 5. This is your Wisconsin income | 13 | _____ |
| 14 | Tax. (See page 14). Check if from <input type="checkbox"/> Tax Table or <input type="checkbox"/> Special Tax Worksheet | 14 | _____ |
| 15 | Dependent credit. Fill in number of dependents (do not count yourself or spouse) _____ x \$50 = | 15 | _____ |
| 16 | Senior citizen credit (Caution: see page 14) | 16 | _____ |
| 17 | Wisconsin itemized deduction credit. Complete Schedule 1 on page 3 | 17 | _____ |
| 18 | School property tax credit | | |
| | a. Rent paid in 1998 - heat included | | _____ |
| | Rent paid in 1998 - heat not included | | _____ |
| | Find credits from table, page 16 | 18a | _____ |
| | b. Property taxes paid on home in 1998 | | _____ |
| | Find credit from table, page 17 | 18b | _____ |
| 19 | Working families tax credit | 19 | _____ |
| 20 | Add lines 15 through 19 | 20 | _____ |
| 21 | Subtract line 20 from line 14. If line 20 is larger than line 14, fill in -0- | 21 | _____ |

Tax computation

Line 18a instructions - continued

use Column 1 of the table. If heat was not included in your rent, use Column 2. Fill in the amount of your credit on line 18a.

Exception If you paid both rent where heat was included and rent where heat was not included, complete the following worksheet.

Renter's Worksheet

(Complete only if Exception described above applies)

1. Credit for rent with heat included (from Column 1 of Table below) 1. _____
2. Credit for rent where heat not included (from Column 2 of Table below) 2. _____
3. Add lines 1 and 2. Fill in on line 18a of Form 1* 3. _____

* Do not fill in more than \$350 (\$175 if married filing a separate return or married filing as head of household)

Line 18b How to Determine the Home Owner's School Property Tax Credit

Step 1 Property Taxes Paid on Home in 1998 Fill in the total amount of property taxes you *paid* during 1998 on your home. Do not include the following:

- Charges for special assessments, delinquent interest, or services which may be included on your tax bill (like trash removal, recycling fee, or a water bill).
- Property taxes which you may claim as a business expense (for example, farm taxes or rental property taxes).
- Property taxes paid on nonbusiness property (such as a cottage or vacant land) other than your home.
- Property taxes paid in any year other than 1998.

Renter's School Property Tax Credit Table*

If Rent Paid is:		Your Line 18a Credit is:		If Rent Paid is:		Your Line 18a Credit is:		If Rent Paid is:		Your Line 18a Credit is:		If Rent Paid is:		Your Line 18a Credit is:	
		Col. 1	Col. 2			Col. 1	Col. 2			Col. 1	Col. 2			Col. 1	Col. 2
At Least	But Less Than	Heat Included in Rent	Heat Not Included in Rent	At Least	But Less Than	Heat Included in Rent	Heat Not Included in Rent	At Least	But Less Than	Heat Included in Rent	Heat Not Included in Rent	At Least	But Less Than	Heat Included in Rent	Heat Not Included in Rent
\$ 1	\$ 100	\$ 1	\$ 2	\$ 3,500	\$ 3,600	\$ 99	\$ 124	\$ 7,000	\$ 7,100	\$ 197	\$ 247	\$ 10,500	\$ 10,600	\$ 295	\$ 350
100	200	4	5	3,600	3,700	102	128	7,100	7,200	200	250	10,600	10,700	298	350
200	300	7	9	3,700	3,800	105	131	7,200	7,300	203	254	10,700	10,800	301	350
300	400	10	12	3,800	3,900	108	135	7,300	7,400	206	257	10,800	10,900	304	350
400	500	13	16	3,900	4,000	111	138	7,400	7,500	209	261	10,900	11,000	307	350
500	600	15	19	4,000	4,100	113	142	7,500	7,600	211	264	11,000	11,100	309	350
600	700	18	23	4,100	4,200	116	145	7,600	7,700	214	268	11,100	11,200	312	350
700	800	21	26	4,200	4,300	119	149	7,700	7,800	217	271	11,200	11,300	315	350
800	900	24	30	4,300	4,400	122	152	7,800	7,900	220	275	11,300	11,400	318	350
900	1,000	27	33	4,400	4,500	125	156	7,900	8,000	223	278	11,400	11,500	321	350
1,000	1,100	29	37	4,500	4,600	127	159	8,000	8,100	225	282	11,500	11,600	323	350
1,100	1,200	32	40	4,600	4,700	130	163	8,100	8,200	228	285	11,600	11,700	326	350
1,200	1,300	35	44	4,700	4,800	133	166	8,200	8,300	231	289	11,700	11,800	329	350
1,300	1,400	38	47	4,800	4,900	136	170	8,300	8,400	234	292	11,800	11,900	332	350
1,400	1,500	41	51	4,900	5,000	139	173	8,400	8,500	237	296	11,900	12,000	335	350
1,500	1,600	43	54	5,000	5,100	141	177	8,500	8,600	239	299	12,000	12,100	337	350
1,600	1,700	46	58	5,100	5,200	144	180	8,600	8,700	242	303	12,100	12,200	340	350
1,700	1,800	49	61	5,200	5,300	147	184	8,700	8,800	245	306	12,200	12,300	343	350
1,800	1,900	52	65	5,300	5,400	150	187	8,800	8,900	248	310	12,300	12,400	346	350
1,900	2,000	55	68	5,400	5,500	153	191	8,900	9,000	251	313	12,400	12,500	349	350
2,000	2,100	57	72	5,500	5,600	155	194	9,000	9,100	253	317	12,500	or more	350	350
2,100	2,200	60	75	5,600	5,700	158	198	9,100	9,200	256	320				
2,200	2,300	63	79	5,700	5,800	161	201	9,200	9,300	259	324				
2,300	2,400	66	82	5,800	5,900	164	205	9,300	9,400	262	327				
2,400	2,500	69	86	5,900	6,000	167	208	9,400	9,500	265	331				
2,500	2,600	71	89	6,000	6,100	169	212	9,500	9,600	267	334				
2,600	2,700	74	93	6,100	6,200	172	215	9,600	9,700	270	338				
2,700	2,800	77	96	6,200	6,300	175	219	9,700	9,800	273	341				
2,800	2,900	80	100	6,300	6,400	178	222	9,800	9,900	276	345				
2,900	3,000	83	103	6,400	6,500	181	226	9,900	10,000	279	348				
3,000	3,100	85	107	6,500	6,600	183	229	10,000	10,100	281	350				
3,100	3,200	88	110	6,600	6,700	186	233	10,100	10,200	284	350				
3,200	3,300	91	114	6,700	6,800	189	236	10,200	10,300	287	350				
3,300	3,400	94	117	6,800	6,900	192	240	10,300	10,400	290	350				
3,400	3,500	97	121	6,900	7,000	195	243	10,400	10,500	293	350				

*Caution The credit allowed certain persons may be less than the amount indicated. See "Special Cases" on page 15.

SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Schedule A—Itemized Deductions

(Schedule B is on back)

► **Attach to Form 1040. ► See Instructions for Schedules A and B (Form 1040).**

OMB No. 1545-0074

1998

Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses

Caution: Do not include expenses reimbursed or paid by others.

- 1** Medical and dental expenses (see page A-1)
- 2** Enter amount from Form 1040, line 34, **2**
- 3** Multiply line 2 above by 7.5% (.075)
- 4** Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-

Taxes You Paid

(See page A-2.)

- 5** State and local income taxes
- 6** Real estate taxes (see page A-2)
- 7** Personal property taxes
- 8** Other taxes. List type and amount ►
- 9** Add lines 5 through 8

Interest You Paid

(See page A-3.)

- 10** Home mortgage interest and points reported to you on Form 1098
- 11** Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ►
- 12** Points not reported to you on Form 1098. See page A-3 for special rules
- 13** Investment interest. Attach Form 4952 if required. (See page A-3.)
- 14** Add lines 10 through 13

Note: Personal interest is not deductible.

Gifts to Charity

If you made a gift and got a benefit for it, see page A-4.

- 15** Gifts by cash or check. If you made any gift of \$250 or more, see page A-4
- 16** Other than by cash or check. If any gift of \$250 or more, see page A-4. You **MUST** attach Form 8283 if over \$500
- 17** Carryover from prior year
- 18** Add lines 15 through 17

Casualty and Theft Losses

- 19** Casualty or theft loss(es). Attach Form 4684. (See page A-5.)

Job Expenses and Most Other Miscellaneous Deductions

(See page A-6 for expenses to deduct here.)

- 20** Unreimbursed employee expenses—job travel, union dues, job education, etc. You **MUST** attach Form 2106 or 2106-EZ if required. (See page A-5.) ►
- 21** Tax preparation fees
- 22** Other expenses—investment, safe deposit box, etc. List type and amount ►
- 23** Add lines 20 through 22
- 24** Enter amount from Form 1040, line 34, **24**
- 25** Multiply line 24 above by 2% (.02)
- 26** Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-

Other Miscellaneous Deductions

- 27** Other—from list on page A-6. List type and amount ►

Total Itemized Deductions

- 28** Is Form 1040, line 34, over \$124,500 (over \$62,250 if married filing separately)? **NO.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 36, the **larger** of this amount or your standard deduction.
- YES.** Your deduction may be limited. See page A-6 for the amount to enter.